

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6266

BILL NUMBER: SB 486

NOTE PREPARED: Feb 25, 2013

BILL AMENDED:

SUBJECT: Judicial Officers.

FIRST AUTHOR: Sen. Steele

FIRST SPONSOR: Rep. Steuerwald

BILL STATUS: As Passed Senate

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill has the following provisions:

- A. It allows the judges of the Hamilton Superior Court to jointly appoint a third full-time magistrate.
- B. It allows the judges of the Hendricks Superior Court to jointly appoint two full-time magistrates.
- C. It adds a second judge to the Owen Circuit Court, and establishes a unified circuit court in Owen County with two judges as of January 1, 2015. It permits the Owen Circuit Court a court administrator subject to the budget approved for the circuit court by Owen County's fiscal body.

(The introduced version of this bill was prepared by the Commission on Courts.)

Effective Date: July 1, 2013.

Explanation of State Expenditures: *Summary-* The added expenditures for the state General Fund would begin July 1, 2013. The full effect of this bill on state expenditures will not occur until FY 2016, when all judicial officers will be appointed and serving. The following table projects these expenditures based on FY 2013 salary and benefit costs and assumes that salaries and benefits are not increased

New Positions Created						
Provision	Number of Judicial Officers	Effective Date	FY 2014	FY 2015	FY 2016	FY 2017
Hamilton County Magistrate	1	1-Jul-2013	\$155,587	\$155,587	\$155,587	\$155,587
Hendricks County Magistrates	2	1-Jul-2013	\$311,174	\$311,174	\$311,174	\$311,174
Owen Circuit Court*	1	1-Jan-2015		\$50,378	\$100,755	\$100,755
Total			\$466,761	\$517,139	\$567,517	\$567,517
* See explanation of Owen Circuit Court						

Background Information- The salaries of circuit and superior court judges can be adjusted each year by one of two methods:

- The General Assembly could increase the amount specified in statute.
- If the General Assembly does not increase the salary of judges by a nominal amount, then under IC 33-38-5-8.1, salaries of judicial officers can be adjusted by the amount that executive staff salaries in the same salary level are increased and the Chief Justice of the Indiana Supreme Court approves the increase.

State expenditures associated with these new court officers also depend on the costs of fringe benefits for state employees. While most of the benefits are based on a percentage of the salaries of the employee, the costs of medical insurance for the persons filling these new positions will depend on future decisions of the executive branch. The extent to which the state would pass along any increase in health insurance costs to employees is unknown.

The following table shows estimates of the total compensation (base salary and fringe benefits) of judges and magistrates during FY 2013. Future salary increases will depend on legislative or administrative actions (see IC 33-38-5-8.1).

Salaries and Benefits for Judges and Magistrates (FY 2013)			
<u>Benefits</u>	<u>Judges</u>	<u>Magistrates</u>	<u>Small Claims Referee</u>
Salary	\$130,080	\$104,064	\$64,200
Life Insurance	\$169	\$135	\$83
Indiana Judicial Conference	\$1,000	\$1,000	\$1,000
Social Security	\$9,951	\$7,961	\$4,911
Disability Insurance	\$2,276	\$1,821	\$1,124
Retirement (see note)	\$36,751	\$29,401	\$8,153
Health, Dental, and Vision (blended rate)	\$11,205	\$11,205	\$11,205
Total Cost Per Judicial Officer	\$191,432	\$155,587	\$90,677

Note About Retirement Costs- The normal cost of each active member less the member's contribution (6% of payroll) is used to calculate the annual pension costs of judges and magistrates. Normal cost is defined as the amount equal to the present value of benefits accruing for a particular plan. Between 2006 and 2012, normal

costs per active member for the plan increased by 96%. This is due, in part, to increases in retirement and disability benefits.

Note About Small Claims Referee in Owen County – Currently Owen County appoints a state-paid small claims referee under the Indiana Supreme Court’s Small Claims Rule 14. This rule permits counties in which the circuit court judge is the *only judge in the county* to appoint a small claims referee. In Owen County, the small claims referee is paid \$64,200 by the state. It is assumed that this small claims referee will no longer be appointed once the new court’s term begins on January 1, 2015, since both will share the small claims docket.

The net expenditures to the state General Fund for appointing a circuit court judge and eliminating the small claims referee is \$100,755 (salary and benefits of a judge (\$191,432) less salary and benefits of a small claims referee (\$90,677)).

Explanation of State Revenues:

Explanation of Local Expenditures: Hendricks County courts can accommodate these new court officers within its current space, but may need more clerical staff.

Owen County – This bill also permits the judges of the Owen Circuit Court to appoint a court administrator that would be subject to the approval of Owen County’s fiscal body. Any added costs would be based on decisions of the county’s fiscal body. Depending on the court’s current capacity, Owen County may also need to add county-paid court reporters, bailiffs, and clerical staff.

Explanation of Local Revenues:

State Agencies Affected: Division of State Court Administration, Indiana Supreme Court; Indiana Judicial Center.

Local Agencies Affected:, Hamilton, Hendricks, and Owen Counties.

Information Sources: Division of State Court Administration; Judges Retirement Fund; Department of Personnel.

Fiscal Analyst: Mark Goodpaster, 317-232-9852.